

5 APR 1948

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GENERAL

1. Nordic states in accord on Soviet treaty offers--US Ambassador Marvel in Copenhagen has been informed by the Danish Foreign Minister that Denmark has received from the Swedish and Norwegian governments assurances that they, like Denmark, will negotiate neither military nor non-aggression pacts with the USSR.
2. Greeks urged to renounce Italian reparations--The Department of State has advised US Embassy Athens to suggest that the Greek Government consider the possibility of announcing at the earliest possible date its desire to take the lead in a general renunciation of reparations from Italy. The Department believes that a Greek gesture of friendliness and generosity toward Italy would have a profound effect on the Italian people and would contribute greatly to a defeat of the Communists in the Italian elections. The Department realizes that the Greek public may react violently to such an announcement unless Greek political leaders take a strong stand in directing public opinion and exhibit their willingness to subordinate a temporary national advantage to the welfare of the democratic world.
3. US Embassy Moscow's estimate of Soviet intentions--Ambassador Smith in Moscow states that a report prepared by the US Embassy [redacted] concludes that the USSR will not resort to military action in the immediate future but will continue to attempt to secure its objectives by other means. The report further concludes that: (a) although conditions impelling a decision concerning military action could arise this year, such circumstances are far more likely to arise one or two years from now; (b) a decision to resort to military action will be made only if the Kremlin concludes that an immediate war offers the best chance for achieving ultimate Soviet objectives; and (c) a decision to defer military action

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will probably be made if the Soviet Union is confronted by such rapid positive growth of US and European strength, particularly in 1948, as to convince the Kremlin that the outcome of war would be doubtful.

(CIA Comment: CIA concurs in the estimate of the joint intelligence committee of US Embassy Moscow.)

Soviet intentions vis-a-vis Iran--Ambassador Smith considers that the latest Soviet note to Iran represents an effort to lay a clear basis for renewed active intervention in Iran. Smith believes that the possibility cannot be excluded that Iran, because of its remoteness from the US and the limited nature of US interests there, will be chosen to test the seriousness of US determination to halt Soviet aggression.

(CIA Comment: If present Soviet coercion fails to compel Iran to abandon its western orientation, Soviet-inspired internal disorders--timed to coincide with confusion arising from the Palestine dispute and US preoccupation in Europe and the eastern Mediterranean--are a distinct possibility. The USSR is in a position to exploit Iranian political refugees and dissident elements in conducting indirect aggression against Iran. If the western reaction to such developments should be essentially negative, the Soviet Union might undertake military action against Iran in the belief that it would not be risking general war.)

4. Kashmir partition suggested--The Indian delegate to the UN, who is also former Prime Minister of Kashmir, has expressed to the US delegation to the UN the belief that partition of Kashmir between India and Pakistan remains a very real possibility. He stressed the importance of recording by provinces the results of any plebiscites because such records might indicate a logical and satisfactory basis for partition.

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5. UK opposes withdrawal of Czechoslovak trade concessions--
The UK Foreign Office has informed US Embassy London that the UK cannot support at this time the exclusion of Czechoslovakia from the General Agreement on Tariffs and Trade. The Foreign Office believes that east-west European trade should play an important part in the European recovery program and that exclusion of Czechoslovakia would tend to restrict this important trade.

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EUROPE

6. GERMANY: Resumption of London talks on Germany--
Commanding General Clay in Berlin has recommended to Ambassador Douglas in London that the US, the UK, France, and the Benelux countries convene on 20 April in order to resume the talks on Germany. General Clay is apprehensive that if the talks are delayed beyond this date the USSR will have taken action in Berlin and the Soviet Zone Germany which will adversely affect developments in the western zones. Douglas reports that Foreign Minister Bevin has indicated a preference for delaying the talks until 27 April in order to forestall any Soviet efforts which might adversely affect the Italian elections. Douglas believes, however, that the risks will be fewer by beginning the talks by 20 April.
7. USSR: Restrictions on USSR representation in Japan suggested--
US Ambassador Smith suggests that regulations comparable to those imposed on US representation in Berlin might be applied to Soviet representatives in Japan, particularly if the Berlin situation is not settled satisfactorily in the near future. Smith believes that such action might have a salutary effect in counter-ing obvious Soviet efforts to lower the prestige of the western powers in Europe.

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